

AR06

North West Trust
COMPANY

Francis G. Winspear Collection
Faculty of Business
University of Alberta



Annual Report **1982**

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Directors

Charles R. Allard, B.Sc., L.L.B.

Gordon Arnell, B.A., L.L.B.

** R. Larry Hitesman, B. Comm., C.A.

*

** Irving Kipnes

*

** Donald M. Lyons

*

Douglas R. Matheson, B.A., L.L.B., Q.C.

** Daniel O. McCormack

*

** Lawrence G. Rollingher

*

Roy G. Wilson

* Norman Witten, B.A., L.L.B., Q.C.

* Members of Executive Committee

** Members of Audit Committee

Executive Officers

Donald M. Lyons

R. Lawrence Nicholson, R.I.A.

Douglas R. Matheson, B.A., L.L.B., Q.C.

Barbara J. Belch, M.B.A.

David R. Gourlay, R.I.A.

Erwin Granson, R.I.A.

Robert J. Kallir, B.A., L.L.B.

Denis LePage, M.T.C.I.

Alan K. Olinyk, B.Comm.

Donald V. Roberts

Secretary

Ricky J. Lyons, B.A., L.L.B.

Head Office

7th Floor, 10201 - Jasper Avenue,

Edmonton, Alberta

T5J 3R3

Telephone: (403)420-6071

Stock Exchange Listing

Alberta Stock Exchange

Registrar and Transfer Agent

North West Trust Company

Bankers

Treasury Branches of Alberta

Royal Bank of Canada

Auditors

Touche Ross & Co.

Chartered Accountants

Affiliates

Director

Barrister and Solicitor, Partner, Milner and Steer

Director

President, Dover Park Development Corporation Ltd.

Director

Controller, Chateau Developments Ltd.

Director

Managing Director, Chateau Developments Ltd.

Director

President and Chief Operating Officer, North West Trust Company

Director

Barrister and Solicitor, Matheson and Company

Director

President, Tipperary Holdings Ltd.

Director

President, Chateau Developments Ltd.

Director

President, Carma Developers Ltd.

Director

Barrister and Solicitor, Partner, Witten, Vogel, Binder & Lyons

Position

President and Chief Operating Officer

Senior Vice President and Chief Financial Officer

Vice President

Vice President, Investments

Vice President, Branch and Agency Operations

Controller

Corporate Secretary and Corporate Counsel

Vice President, Mortgage Investments

Vice President, Real Estate

Vice President, Marketing

Barrister and Solicitor, Partner, Witten, Vogel, Binder & Lyons

Contents

Page

Financial Highlights	1
Report to the Shareholders	2-3
Executive Committees	4
Branch Openings	5
Property Investments	6
Five Year Summary	7
Consolidated Financial Statements	8-12
Auditors' Report	11
Notes to Consolidated Statements	13-14
Services	15
Offices, Managers	16

Picture — front cover

North West Trust Company

Calgary Branch

Financial Highlights

Year ended December 31, 1982
(Thousands of Dollars)

	<u>1982</u>	<u>1981</u>	Increase (Decrease) %
Gross Operating Income	\$ 87,550	\$ 72,134	21.4
Net Earnings	2,374	6,505	(63.5)
INVESTMENT ASSETS			
Securities	63,628	53,285	19.4
Mortgages and Loans	397,474	299,683	32.6
Revenue Properties	85,483	41,695	105.0
Total Assets	654,993	534,847	22.5
Customer Liabilities	525,819	445,135	18.1
Shareholders' Equity	30,490	29,663	2.8
PER SHARE DATA			
Earnings per share			
operating	.20	10.08	(980.2)
gain on real estate	4.41	2.55	72.9
	<u>4.61</u>	<u>12.63</u>	(63.5)
Dividend per Preferred Share	3.00	2.00	50.0
Dividend per Common Share	3.00	2.00	50.0

Report to the Shareholders

On behalf of your Board of Directors, we present herewith the Twenty-Fifth Annual Report of North West Trust Company.

Change of Control

On November 1, 1982, North West Financial Corporation, formerly 287834 Alberta Ltd., purchased from Allarco Group Ltd. and Allarco Financial Corporation Ltd., approximately 95% of the issued and outstanding common shares and approximately 56% of the first preferred participating shares of North West Trust Company. Following this acquisition, certain Directors of North West Trust Company resigned and were replaced by Messrs. Gordon Arnell, R. Larry Hitesman, Irving Kipnes, Daniel McCormack, Lawrence G. Rollingher and Norman L. Witten. The Directors of North West Trust Company at the date hereof are, in addition to the above, Steve D. Adams (appointed in 1983) Donald M. Lyons, Douglas R. Matheson and Roy G. Wilson.

All of the issued and outstanding shares of North West Financial Corporation are owned by Chateau Developments Ltd. which has its Head Office in Edmonton, Alberta and which is controlled by Messrs. Lawrence G. Rollingher and Irving Kipnes, both of Edmonton.

Canadian Economic Scene

1982 was a difficult year for business generally in Canada. The high interest rates that were in existence worldwide throughout 1981 continued through the first part of 1982, stifling capital investment and the growth of housing and auto sales. Extensive damage to the infrastructure of financial markets has occurred. The ripple effect will retard the growth in the industrial nations for some time. Many of the new developing countries are saddled with horrendous debt servicing and as such their appetite for manufactured goods of the industrialized nations will further decline. To accommodate such countries, payments are being stretched and interest holidays granted by the international banks. The effect of capitalizing interest only increases the total debt and has the effect of slowing the recovery as these countries have fewer funds available to purchase manufactured goods. Any recovery from today's economic level of activity is likely to be very slow. The cost of fighting inflation is the increase in the unemployment numbers. Based on a slow recovery scenario, it is unlikely that new jobs will be created quickly. Over the more immediate term, Canadians seem to be the beneficiary of declining oil prices and more stable labour costs. These are the two main ingredients to inflation and in themselves will tend to bring down interest rates. Canada must have stable rates so business can plan for future growth and development.

With rates declining, many projects are being revived and are benefiting from the new lower cost of money. Real estate prices should stabilize and improve somewhat as a result of absorption and easier debt servicing. As a result, our real estate portfolio will further improve.



Donald M. Lyons
President, Director
and Chief Operating Officer

Financial Report

Net operating income was \$102,000 or \$.20 per share in 1982, compared with \$5,191,000 or \$10.08 in 1981. Net real estate gains of \$2,272,000 (\$1,314,000 in 1981) brought 1982 earnings to a total of \$2,374,000 or \$4.61 per share, compared to \$6,505,000 or \$12.63 per share in 1981.

The decrease in net operating income is due to the loan loss provisions against a variety of mortgage loans amounting to \$8,302,000 in 1982 on a pre-tax basis, compared to \$1,465,000 in 1981. North West Trust Company has followed a conservative policy of providing for potential loan losses. An aggressive collection approach was undertaken in 1982 and will be followed in 1983 to maximize recoveries.

Revenue property has increased from \$41,695,000 in 1981 to \$85,483,000, primarily as a result of the purchase of prime revenue property in Edmonton. The majority of this property is positioned in growth areas. In addition the Company's property available for development or resale has increased 27% to \$26,407,000 as a result of mortgage foreclosures and planned acquisition.

The Company's securities portfolio of bonds and stocks increased by 19.4 % to \$63,628,000 as at year end.

Dividend payments on both the common and first preferred participating shares of the Company were on an annual rate of \$3.00 per share and were paid in quarterly payments of \$.75 per share throughout 1982.



Lawrence G. Rollingher
Director



Irving Kipnes
Director

Operations

Your Company has a proven record of growth and stability. Confidence in North West Trust Company was particularly noticeable during the 1982 Registered Retirement Savings Plan campaign. Investor confidence was such that record amounts of money were raised in the various tax sheltered products.

Additional attention has been paid to the Company's asset/liability management, and in particular to the matching of funds. North West Trust Company is reasonably matched in all maturities at this time, but in order to improve its position we have recently introduced a new 15-month Guaranteed Investment Certificate. Staggered maturities will continue to be offered to investor clients when warranted.

During the year the Company acquired the investment management contract to the Dominion Compound Fund which was held by People's Management Limited. The name of the Dominion Compound Fund was changed to North West Trust Equity Fund, which is now being actively marketed and sold as an equity product for both regular and tax sheltered investment.

The Company is well positioned in its target market, namely the four Western Canadian provinces. Operations are carried on throughout our sixteen branches and through some five hundred agents located throughout Western Canada. During the year the Company opened a new branch in North Battleford located in the Frontier Mall Shopping Centre. In April the Red Deer Branch was relocated from downtown to the Bower Place Shopping Centre in south Red Deer. In November the Calgary Main Branch was moved to the new PanCanadian Plaza. The new openings and relocations that occurred in 1981 and 1982 have had satisfactory growth to date.

During 1982 the savings and loan services had the largest annual

growth in the history of the Company. Deposits grew by over \$80 million or 18.1%, and mortgages and loans grew by \$97 million or 32.6%. A large part of the increase in the deposit base was due to a very successful Registered Retirement Savings Plan campaign and the business generated by the three new branches which were opened in late 1981 and early 1982.

We wish to express our thanks to the Directors who served on the Board during 1982 for their wisdom, counsel and support. The success of the Company is due in large part to the hard working team of employees to whom we express our thanks and appreciation for their efforts. We look forward to 1983 with confidence.

A handwritten signature in dark ink, appearing to read 'D. Lyons'.

Donald M. Lyons
President, Director and Chief Operating Officer

A handwritten signature in dark ink, appearing to read 'L. Rollingher'.

Lawrence G. Rollingher
Director

A handwritten signature in dark ink, appearing to read 'I. Kipnes'.

Irving Kipnes
Director

Executive Committees



Data Systems Committee

From left to right — standing, Mr. Donald Lyons, President, Mr. Lawrence Nicholson, Senior Vice President and Chief Financial Officer — seated, Mr. Erwin Granson, Controller, and Mr. Terry Nyquvest, Manager of Information Systems, at a recent Data Systems Steering Committee meeting.



Rate Committee

From left to right — Mr. Denis LePage, Vice President, Mortgage Investments, Mr. Ric Walter, Manager of Agency Operations, Mr. Donald Roberts, Vice President, Marketing, Mr. Donald Lyons, President, Mr. David Gourlay, Vice President, Branch and Agency Operations, Mr. Lawrence Nicholson, Senior Vice President and Chief Financial Officer, Mrs. Barbara Belch, Vice President, Investments, Mr. Walter Bouillon, Manager of Branch Operations, at a regular Monday afternoon Rate Committee meeting during which competitive interest rates are set for the following week.



Real Estate

From left to right, Mr. Gerald McFadyen, Projects Manager, Mr. Robert Kallir, Corporate Counsel, Mr. Alan Olinyk, Vice President, Real Estate, Mr. Donald Lyons, President, discussing a real estate proposal.

Branch Openings

North Battleford

On February 18, 1982 North West Trust Company officially opened its 16th branch, located in the Frontier Mall in North Battleford, Saskatchewan. Numerous local dignitaries assisted the Mayors of North Battleford and Battleford in the ribbon cutting ceremony. This is the fourth branch to be opened in Saskatchewan which together with bonded agents gives us an excellent exposure in this Province. The new branch is under the management of Mr. Bob Fraser.



Red Deer (Relocation)

To help meet the growing needs of our customers in Red Deer and vicinity, North West Trust Company relocated its Branch to the Bower Place Shopping Centre at 1045, 4900 - 28th Street on April 1, 1982. This branch has an excellent location with ample parking facilities and has enjoyed a substantial growth since the move. Our Manager, Mr. Larry LaClare and his capable staff are available to offer the Company's many services.



Calgary (Relocation)

In keeping with the dynamic growth and development of the downtown core, North West Trust Company has relocated its office in Calgary, to the PanCanadian Plaza at 150 - 9th Ave., S.W. On November 17, 1982 Mayor Ralph Klein officially cut the ribbon to commemorate the opening of this beautiful new office. This branch is under the management of Mr. Denis Marson.



Property Investments

Real Estate



Texaco - Nor Can Building

During the last quarter of 1982 North West Trust Company completed the acquisition of the twin office towers known as the Texaco - Nor Can Buildings. These buildings are located in Edmonton, just north of Jasper Avenue on 112th Street, contain 60,000 sq. ft. each, are of excellent quality and well tenanted.

Mortgage Financing



Snowberry Downs - Saskatoon

This beautiful complex covering 6.4 acres was completed in 1982. It contains a total of 180 suites made up of one, two and three bedroom units. Located in West Saskatoon, it is valued at more than ten million dollars. The developer experienced a very good reception in leasing this complex which has full amenities including saunas, whirlpools, tennis courts and recreation area.

North West Trust Company was pleased to provide first mortgage financing for this project.

Five Year Summary

(In Thousands of Dollars Except Per Share Figures)

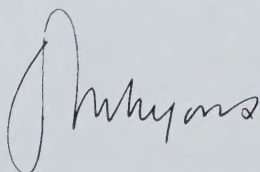
	<u>1982</u>	<u>1981</u>	<u>1980</u>	<u>1979</u>	<u>1978</u>
Investment assets					
Cash and term deposits	\$ 75,526	\$115,410	\$ 84,122	\$ 61,809	\$ 42,115
Securities	63,628	53,285	57,004	29,642	23,805
Mortgages and Loans	397,474	299,683	264,081	250,511	220,726
Revenue Properties	85,483	41,695	41,232	40,001	45,664
Total assets	654,993	534,847	460,589	395,740	340,061
Guaranteed account (customer deposits)	525,819	445,135	388,052	341,450	285,720
Shareholders' equity	30,490	29,663	24,188	15,777	10,544
Gross revenue	87,550	72,134	56,235	45,094	37,881
Net operating income	102	5,191	4,798	3,267	2,041
Net gain on real estate	2,272	1,314	4,385	2,481	—
Net income for the year	2,374	6,505	9,183	5,748	2,041
Earnings per share					
— net operating income	.20	10.08	9.32	6.34	3.96
— net income for the year	4.61	12.63	17.83	11.16	3.96
Dividends					
— per common share	3.00	2.00	1.50	1.00	.70
— per preferred share	3.00	2.00	1.50	1.00	.70

Consolidated Balance Sheet

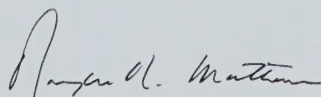
December 31, 1982

	<u>1982</u>	<u>1981</u>
ASSETS		
Cash and term deposits	\$ 75,526,000	\$115,410,000
Securities (Note 2)		
Bonds	34,845,000	32,196,000
Stocks	28,783,000	21,089,000
Accounts receivable	2,418,000	1,272,000
Mortgages and loans	397,474,000	299,683,000
Revenue properties	85,483,000	41,695,000
Property for development or resale	26,407,000	20,716,000
Office premises and equipment	3,402,000	2,199,000
Other assets	655,000	587,000
	<u>\$654,993,000</u>	<u>\$534,847,000</u>

On behalf of the Board



Director



Director

	<u>1982</u>	<u>1981</u>
LIABILITIES		
Guaranteed account		
Deposits	\$283,868,000	\$217,098,000
Guaranteed investment certificates	<u>241,951,000</u>	<u>228,037,000</u>
	525,819,000	445,135,000
Bank loan (Note 3)	13,260,000	—
Accounts payable	4,525,000	3,457,000
Income taxes payable	4,023,000	—
Mortgages payable (Note 4)	66,801,000	41,908,000
Deferred income	1,053,000	176,000
Deferred income taxes	<u>9,022,000</u>	<u>14,508,000</u>
	<u>624,503,000</u>	<u>505,184,000</u>
SHAREHOLDERS' EQUITY		
Share capital (Note 5)		
Issued — 308,014 common shares	1,783,000	1,783,000
— 207,029 first preferred		
participating shares	<u>2,070,000</u>	<u>2,070,000</u>
	3,853,000	3,853,000
Retained earnings	<u>26,637,000</u>	<u>25,810,000</u>
	<u>30,490,000</u>	<u>29,663,000</u>
	<u>\$654,993,000</u>	<u>\$534,847,000</u>

Consolidated Statement of Income

Year Ended December 31, 1982

	<u>1982</u>	<u>1981</u>
Revenue		
Mortgages and loans	\$53,254,000	\$39,216,000
Securities and deposits	24,887,000	24,505,000
Rental income	8,190,000	6,974,000
Other income	1,219,000	1,439,000
	<u>87,550,000</u>	<u>72,134,000</u>
Expenses		
Interest on deposits and certificates	64,107,000	49,512,000
Salaries and employee benefits	5,444,000	3,598,000
Rental property expenses	5,118,000	4,506,000
Provision for losses on loans	8,302,000	1,465,000
Other operating expenses	5,283,000	3,771,000
Depreciation	1,007,000	954,000
	<u>89,261,000</u>	<u>63,806,000</u>
Operating income (loss) before income taxes	(1,711,000)	8,328,000
Income tax expense (recovery)	(1,813,000)	3,137,000
Net operating income	102,000	5,191,000
Net gain on real estate after applicable income taxes	<u>2,272,000</u>	<u>1,314,000</u>
Net income for the year	<u>\$ 2,374,000</u>	<u>\$ 6,505,000</u>
Earnings per share		
Net operating income	\$.20	\$ 10.08
Net gain on real estate	4.41	2.55
	<u>\$ 4.61</u>	<u>\$ 12.63</u>

Consolidated Statement of Retained Earnings

Year Ended December 31, 1982

	<u>1982</u>	<u>1981</u>
Balance at beginning of year	\$25,810,000	\$20,335,000
Net income for the year	<u>2,374,000</u>	<u>6,505,000</u>
	28,184,000	26,840,000
Deduct dividends	<u>1,547,000</u>	<u>1,030,000</u>
Balance at end of year	<u>\$26,637,000</u>	<u>\$25,810,000</u>

AUDITORS' REPORT

The Shareholders,
North West Trust Company.

We have examined the consolidated balance sheet of North West Trust Company as at December 31, 1982 and the consolidated statements of income, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Company as at December 31, 1982 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Edmonton, Alberta,
February 25, 1983.

Joachim Ross & Co.
Chartered Accountants

Consolidated Statement of Changes in Financial Position

Year Ended December 31, 1982

	<u>1982</u>	<u>1981</u>
Funds at beginning of year		
Cash and term deposits	\$115,410,000	\$ 84,122,000
Source of funds		
From operations		
Net income for the year	2,374,000	6,505,000
Provision for losses on loans	8,302,000	1,465,000
Depreciation	1,007,000	954,000
Deferred income taxes	(1,813,000)	3,137,000
Gain on sale of real estate	(2,272,000)	(1,314,000)
Other	2,680,000	(2,495,000)
Net income adjusted for non-fund items	10,278,000	8,252,000
Increase in deposits net of redemptions and withdrawals		
Deposits	61,173,000	43,753,000
Guaranteed Investment Certificates	12,316,000	13,241,000
Proceeds on disposal of real estate	15,355,000	4,024,000
Increase in mortgages payable	19,338,000	—
Bank loan	13,260,000	—
Net decrease in securities	—	3,431,000
Proceeds on disposal of premises	—	3,100,000
Corporate income tax refunds	—	2,288,000
	<u>131,720,000</u>	<u>78,089,000</u>
Application of funds		
Mortgage advances net of repayments	95,570,000	28,864,000
Acquisition of real estate	62,296,000	15,551,000
Net increase in securities	9,879,000	—
Dividends paid	1,547,000	1,030,000
Acquisition of premises and equipment	1,716,000	956,000
Other	596,000	400,000
	<u>171,604,000</u>	<u>46,801,000</u>
Increase (decrease) in funds for the year	<u>(39,884,000)</u>	<u>31,288,000</u>
Funds at end of year		
Cash and term deposits	<u>\$ 75,526,000</u>	<u>\$115,410,000</u>

Notes to Consolidated Financial Statements

December 31, 1982

1. Summary of significant accounting policies

(a) Principles of consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, N.A. Properties Ltd.

(b) Securities

Bonds are stated at amortized values plus accrued interest.

Stocks are stated at cost plus accrued dividends less provision for losses where a decline in market value represents a permanent diminution in value. Dividends with record dates prior to the year-end are accrued.

(c) Mortgages and loans

Mortgages and loans are recorded at amortized cost, which includes amounts advanced, interest capitalized and accrued, taxes and other charges, less repayments and provision for all anticipated losses.

(d) Real estate

Revenue properties are recorded at acquisition or construction cost less accumulated depreciation of \$2,242,000 (1981 - \$2,387,000). Cost includes all initial leasing costs, interest, property taxes, operating income and expenses until such time as 75% occupancy is attained subject to a reasonable maximum period.

Depreciation on revenue properties is recorded using the 5% sinking-fund method on commercial properties based upon estimated useful lives varying from 30 to 50 years and the diminishing-balance method on residential and apartment properties at annual rates of up to 10%.

Property for development or resale is valued at lower of cost or market.

Gains or losses arising from the sale of real estate are generally recorded in the accounts in the year of disposal, except for those cases when a significant portion of the proceeds have not been received. Under such circumstances, the gain is deferred and recorded as income when significant proceeds are received.

(e) Office premises and equipment

Office premises and equipment are stated at cost less accumulated depreciation and amortization of \$1,288,000 (1981 - \$1,082,000). Depreciation is recorded on the diminishing-balance method at the following annual rates:

Buildings	5%
Office furniture and equipment	20%
Motor vehicles and data processing equipment	30%

(f) Income taxes

The Company follows the tax allocation basis of accounting for income taxes. Under this method, timing differences between reported and taxable income (which occur when revenues and expenses recognized in the accounts in one year are taxed or claimed for tax purposes in another year) result in deferred taxes.

2. Securities

	1982		1981	
	Cost	Market	Cost	Market
Bonds				
Government of Canada and Provincial	\$32,028,000	\$34,087,000	\$28,649,000	\$27,408,000
Municipal and Corporate	2,817,000	2,698,000	3,547,000	3,226,000
	34,845,000	36,785,000	32,196,000	30,634,000
Stocks	28,783,000	25,905,000	21,089,000	18,984,000
Total securities	\$63,628,000	\$62,690,000	\$53,285,000	\$49,618,000

3. Bank loan

The bank loan, due October, 1983, is at rates varying from prime plus ½ to prime plus 1 + ½ and is secured by fixed charges on certain revenue producing properties of the subsidiary, guarantees of certain related parties and by a floating charge debenture over all assets of the subsidiary.

4. Mortgages payable

	1982	1981
Mortgages secured by revenue properties, with interest rates varying from 7½ % to 20% and maturing between 1983 and 2012	\$40,693,000	\$21,355,000
Wrapped around mortgages	26,108,000	20,553,000
	\$66,801,000	\$41,908,000

5. Share capital

Authorized — 500,000 common shares without nominal or par value which shall be issued for a price or consideration not exceeding \$5,000,000 in the aggregate.
— 400,000 first preferred participating shares with a par value of \$10 per share.

6. Directors' and officers' remuneration

The aggregate direct remuneration paid to Directors and Senior Officers amounted to \$462,000 (1981 — \$313,000).

Notes to Consolidated Financial Statements

Continued

7. Contractual obligations

Contractual obligations in respect of leases for branch premises and equipment expiring between 1983 and 2007 amount to \$6,734,000 (1981 — \$5,270,000). Rents paid in 1982 amounted to \$1,280,000 (1981 — \$551,000).

8. Segmented information

	1982			
	Financial services	Real estate	Eliminations	Consolidated
Revenue from third parties	\$ 77,965,000	\$ 9,585,000	\$ —	\$ 87,550,000
Intersegment revenue	3,520,000	140,000	(3,660,000)	—
	<u>\$ 81,485,000</u>	<u>\$ 9,725,000</u>	<u>(\$ 3,660,000)</u>	<u>\$ 87,550,000</u>
Net operating income	\$ 315,000	(\$ 35,000)	(\$ 178,000)	\$ 102,000
Net gain on real estate	(449,000)	2,720,000	1,000	2,272,000
	<u>(\$ 134,000)</u>	<u>\$ 2,685,000</u>	<u>(\$ 177,000)</u>	<u>\$ 2,374,000</u>
Identifiable assets	\$603,339,000	\$83,778,000	(\$32,124,000)	\$654,993,000

	1981			
	Financial services	Real estate	Eliminations	Consolidated
Revenue from third parties	\$ 64,230,000	\$ 7,904,000	\$ —	\$ 72,134,000
Intersegment revenue	1,367,000	297,000	(1,664,000)	—
	<u>\$ 65,597,000</u>	<u>\$ 8,201,000</u>	<u>(\$ 1,664,000)</u>	<u>\$ 72,134,000</u>
Net operating income	\$ 4,407,000	\$ 1,004,000	(\$ 220,000)	\$ 5,191,000
Net gain on real estate	959,000	355,000	—	1,314,000
	<u>\$ 5,366,000</u>	<u>\$ 1,359,000</u>	<u>(\$ 220,000)</u>	<u>\$ 6,505,000</u>
Identifiable assets	\$505,293,000	\$54,508,000	(\$24,954,000)	\$534,847,000

9. Related party transactions

(a) On November 1, 1982 controlling interest in the Company was acquired by North West Financial Corporation (formerly 287834 Alberta Ltd.), a subsidiary of Chateau Developments Ltd. The following sequence of events preceded the change in control:

- (i) On October 26, 1982 the Director of Trust Companies for the Province of Alberta gave approval to the change in the controlling interest of the Company. At the same time the Director of Trust Companies gave N.A. Properties Ltd., the Company's wholly-owned subsidiary, approval to purchase from Chateau Develop-

ments Ltd. certain revenue producing properties as follows:

Purchase of revenue producing properties	\$38,415,000
Assumption of related mortgages and contingencies	<u>17,796,000</u>
Balance of purchase price in cash	<u>\$20,619,000</u>

Warren Research Appraisers Ltd. determined the market value of the revenue producing properties by appraisal dated September 9, 1982 which established the price of the transaction.

On October 27, 1982 the Board of Directors of N.A. Properties Ltd. approved the transaction.

- (ii) On October 29, 1982 the Director of Trust Companies approved the purchase by the Company of \$5,131,000 in mortgages from Chateau Developments Ltd. and related companies for cash. Each mortgage carries the indemnity of its vendor in addition to that of the principals of Chateau Developments Ltd.

On October 29, 1982 the Board of Directors of the Company approved the purchase of such mortgages.

- (b) The Company has outstanding mortgages receivable from Chateau Developments Ltd. and related companies totalling \$4,398,000 as at December 31, 1982. These mortgages receivable were in existence prior to the change in control and arose in the normal course of business. These mortgages are current and in good standing.
- (c) Management and directors' fees were paid to related parties during the year as follows:

Allarco Financial Corp. Ltd.	\$110,000
Chateau Developments Ltd.	<u>\$ 50,000</u>

- (d) From time to time certain directors and senior management entered into transactions with the Company in the normal course of business. None of the transactions which arose during the year were material.

10. Comparative figures

Certain comparative figures for 1981 have been reclassified to conform with the classification used in the current year.

Services

Deposit Services

GUARANTEED INVESTMENT CERTIFICATES
SHORT TERM CERTIFICATES
CHEQUING ACCOUNTS
SAVINGS ACCOUNTS
DAILY INTEREST SAVINGS ACCOUNTS
NORTH WEST TRUST EQUITY FUND

Tax Deferred Investments

REGISTERED RETIREMENT SAVINGS PLANS
REGISTERED RETIREMENT INCOME FUND
REGISTERED HOME OWNERSHIP SAVINGS PLAN
DEFERRED PROFIT SHARING PLAN
NORTH WEST TRUST EQUITY FUND

Customer Services

SAFETY DEPOSIT BOXES
TRAVELLERS CHEQUES
PAYMENT OF UTILITY BILLS
DEPOSIT BY MAIL

Financing Services

COMMERCIAL AND RESIDENTIAL MORTGAGE
LOANS
PERSONAL LOANS
LEASING AND TERM LENDING

Corporate Services

PROPERTY MANAGEMENT AND APPRAISAL
STOCK TRANSFER AGENT AND REGISTRAR
TRUSTEE AND AGENT FOR PENSION, PROFIT
SHARING AND OTHER EMPLOYEE BENEFIT
PLANS
AGENCY ACCOUNTS
INVESTMENT MANAGEMENT

Offices

HEAD OFFICE

7th Floor, 10201 Jasper Avenue
Edmonton, Alberta
Telephone: 420-6071

MORTGAGE DEPARTMENT — HEAD OFFICE

Mortgage Manager: Fred Weymouth
Manager — Interim Financing
& Mortgage Syndications: Robert Taylor
Manager — Mortgage Administration: Robert Kuzyk

AGENCY OPERATIONS — HEAD OFFICE

Manager: Ric S. Walter

BRANCH OPERATIONS — HEAD OFFICE

Manager: Walter D. Bouillon, M.T.I.C.

BRANCH OFFICES

CALGARY

PanCanadian Plaza
150 - 9th Ave., S.W.
Telephone: 264-5423
Manager: Denis Marson
Mortgage Manager: Larry Todd

CAMROSE

4895 - 50 Street
Telephone: 672-7769
Manager: Don McPherson

EDMONTON

10205 Jasper Avenue
Telephone: 428-1212
Manager: Emil Motoska
10277 - 97 Street
Telephone: 422-4171
Manager: John Maroney
7933 - 104 Street
Telephone: 433-4286
Manager: Doug Gess

RED DEER

Bower Place Shopping Centre
1045 - 4900 - 28 St.
Telephone: 347-7891
Manager: Larry LaClare

LETHBRIDGE

College Mall
2025 Mayor Mcgrath Drive
Telephone: 328-9199 Manager: Bob Roy

NORTH BATTLEFORD

11421 Railway Ave., E.
Telephone: 445-0112
Manager: Bob Fraser

FORT MCMURRAY

Downtown Mall
#100-9713 Hardin Street
Telephone: 791-0882
Manager: Roger Gosselin

NEW WESTMINSTER

632 Columbia Street
Telephone: 522-0757
Manager: Peter Davis

VANCOUVER

803 Hornby Street
Telephone: 685-0451
Manager: Gordon Murphy
Mortgage Manager: Brian Robertson

VICTORIA

1113 Blanshard Street
Telephone: 386-3534
Manager: Ruth A. Lougheed

REGINA

1920 Broad Street
Telephone: 565-0660
Manager: Phil Lewry

YORKTON

Parkland Mall
263 Broadway Street East
Telephone: 782-1002
Manager: Henry Ohirko

WINNIPEG

234 Portage Avenue
Telephone: 947-0631
Manager: Ron Hore

SASKATOON

129 - 2 Avenue N.
Telephone: 934-6161
Manager: Bill Nolan
Mortgage Manager: Marvin Nicklin

AGENTS LOCATED THROUGHOUT WESTERN CANADA



